

National Credit Union Administration

Your savings federally insured to \$100,000

NCUA

*National Credit Union Administration
a U.S. Government Agency*

Share Insurance Fund

**Unaudited Financial Highlights
December 31, 2004**

**Dennis Winans
Chief Financial Officer**

NCUSIF FINANCIAL HIGHLIGHTS
December 31, 2004

Balance Sheet:

Due from Credit Unions — of \$1.6 million represents the remaining amount of one percent deposit adjustments due from credit unions on October 18, 2004.

Prepaid & Deferred Charges — is (\$.1) for December. \$7.5 million was transferred to the operating fund to cover 59.8% of the agency's operating costs. December's actual operating costs were \$7.6 million. The difference was recorded in accounts payable (other).

Other Assets — represents balance due to the NCUSIF from monies loaned to NCUA for purchase of the King Street building.

Accounts Payable: Other — consists primarily of an upfront cash accrual for assisted merger and additional operating costs incurred in December.

Provision for Credit Union Losses (Reserves) — of \$66.7 million includes an \$11.3 million reduction to the national pool reserve in December as a result of a change in NCUA's reserving methodology.

NCUSIF Equity — decreased to 1.26% for December. The equity ratio is based upon an estimated insured share base of \$506.0 billion for December 31, 2004.

Statement of Revenue and Expense:

NCUSIF Total Operating Expense — of \$7.8 million includes \$163.0 thousand in direct expenses paid by the NCUSIF for state examiner training, leasing expense for state examiner laptop computers, and other insurance related items.

Insurance Loss — is \$(15.7) million for December. \$11.3 million is a reduction due to a change in reserving methodology and \$4.4 million is due to a reduction in cost of specific problem credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
DECEMBER 31, 2004

ASSETS	DECEMBER 2003	NOVEMBER 2004	DECEMBER 2004
Investments:			
U.S. Government Securities	\$6,074,557,557.30	\$6,353,666,630.35	\$6,357,759,646.30
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits	0.00	0.00	0.00
	-----	-----	-----
Total Advances to Credit Unions	0.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	879,363.95	6,910,266.94	1,558,181.60
Loans due to NCUSIF	1,711,419.24	4,495,917.94	4,495,917.94
Recoveries from Liq. CU	12,219,135.42	16,075,831.45	16,626,862.98
	-----	-----	-----
Total Other Receivables	14,809,918.61	27,482,016.33	22,680,962.52
Cash	5,617.46	527,001.53	5,403.01
Interest Receivable	45,761,005.91	31,734,984.77	38,245,967.84
Prepaid & Deferred Charges	0.00	810,890.67	0.00
Leased Assets	930,405.51	551,541.71	516,275.17
Other	26,487,016.37	25,256,723.68	25,144,878.89
	-----	-----	-----
TOTAL ASSETS	\$6,162,551,521.16	\$6,440,029,789.04	\$6,444,353,133.73
	=====	=====	=====
LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$9,540,618.50	\$13,380,225.84	\$16,093,421.04
Other	2,017,754.14	3,990.74	1,276,733.83
Check Clearing Accounts	0.00	6,780.84	6,820.49
Dividend Check Clearing	0.00	0.00	0.00
	-----	-----	-----
Total Current Liabilities	11,558,372.64	13,390,997.42	17,376,975.36
Provision for CU Losses (Reserves)	76,666,862.48	85,440,285.72	67,126,296.26
Lease Liabilities	936,263.84	523,953.44	524,736.47
	-----	-----	-----
TOTAL LIABILITIES	\$89,161,498.96	\$99,355,236.58	\$85,028,008.09
EQUITY			
CU Contributed Capital	\$4,704,595,868.57	\$4,943,399,404.11	\$4,943,143,622.78
Retained Earnings	1,368,794,153.63	1,397,275,148.35	1,416,181,502.86
	-----	-----	-----
TOTAL EQUITY	\$6,073,390,022.20	\$6,340,674,552.46	\$6,359,325,125.64
TOTAL LIABILITIES & EQUITY	\$6,162,551,521.16	\$6,440,029,789.04	\$6,444,353,133.73
	=====	=====	=====

COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending December 31, 2004

	DEC 03	NOV 04	DEC 04
1. Investments/Total Assets	98.57%	98.66%	98.66%
2. Total Equity/Insured Shares	1.27%	1.28%	1.26%
3. Prov. for Losses/CU Capital	1.63%	1.73%	1.36%
4. Non-Earning/Total Assets	1.00%	0.95%	0.95%
5. Available Asset Ratio	1.26%	1.24%	1.23%

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING DECEMBER 31, 2004

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2004	CY TO DATE BUDGETED 2004	CY TO DATE 2003
Investment Income	\$10,983,176.45	\$10,500,000.00	\$124,835,784.32	\$126,000,000.00	\$151,174,637.16
Other Income	42,489.67	40,000.00	515,507.60	480,000.00	760,823.71
	-----	-----	-----	-----	-----
Total Income	11,025,666.12	10,540,000.00	125,351,291.92	126,480,000.00	151,935,460.87
EXPENSE					
Employee Pay	\$3,941,360.70	4,642,625.17	\$48,683,003.03	52,934,613.25	52,144,570.09
Employee Benefits	\$1,352,244.02	1,184,050.13	\$12,510,862.85	13,533,895.98	12,507,090.80
Employee Travel	\$771,910.20	672,360.08	\$6,822,349.73	8,068,320.93	6,210,360.55
Rent/Communications/Utilities	\$325,685.16	221,527.24	\$2,539,836.41	2,658,326.92	2,443,501.46
Administrative Costs	\$321,355.92	630,663.32	\$5,479,628.32	7,567,959.90	6,223,745.56
Contracted Services	\$925,689.44	407,798.61	\$3,815,484.60	4,893,583.28	3,628,642.19
	-----	-----	-----	-----	-----
Subtotal NCUA Operating Exp.	7,638,245.44	7,759,024.55	79,851,164.94	89,656,700.26	83,157,910.65
AMAC Expense	4.81	15,000.00	30,853.44	180,000.00	31,969.99
Training Expense	121,016.05	110,000.00	1,040,923.09	1,320,000.00	1,212,774.08
Leasing Expense	35,338.61	35,250.00	425,386.13	423,000.00	476,110.93
Other Insurance Expense	6,605.73	3,500.00	39,379.90	42,000.00	146,906.00
	-----	-----	-----	-----	-----
Total Operating Exp.	7,801,210.64	7,922,774.55	81,387,707.50	91,621,700.26	85,025,671.65
Insurance Loss	(15,681,899.03)	1,250,000.00	(3,423,764.81)	15,000,000.00	38,042,768.12
	-----	-----	-----	-----	-----
Total Expense	(7,880,688.39)	9,172,774.55	77,963,942.69	106,621,700.26	123,068,439.77
NET INCOME	\$18,906,354.51	\$1,367,225.45	\$47,387,349.23	\$19,858,299.74	\$28,867,021.10
	=====	=====	=====	=====	=====
Retained Earnings, Beginning of Year			\$1,368,794,153.63		\$1,339,927,132.53
Prior Year Adjustment			0.00		0.00
			-----		-----
As Restated			1,368,794,153.63		1,339,927,132.53
Net Income			47,387,349.23		28,867,021.10
			-----		-----
Dividends			1,416,181,502.86		1,368,794,153.63
			0.00		0.00
			-----		-----
Retained Earnings, End of Year			\$1,416,181,502.86		\$1,368,794,153.63
			=====		=====

Comparative Analysis of NCUSIF Ratios for December 31, 2004

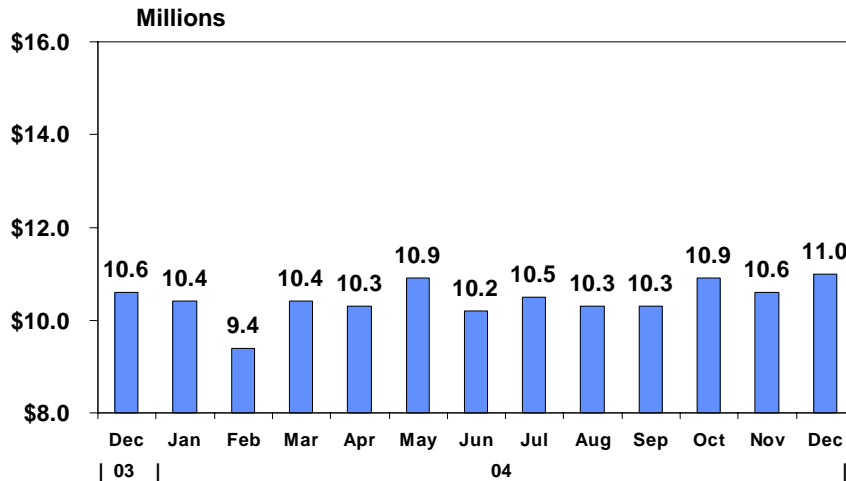
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	64.89%	70.76%	55.96%	64.93%
2. Ins. Loss/Total Income	2.43%	-142.23%	25.04%	-2.73%
3. Total Exp./Total Income	67.32%	-71.48%	81.00%	62.20%
4. Net Income/Total Income	32.68%	171.48%	19.00%	37.80%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.01%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
December 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$132,350,822.39
Other income received	515,507.60
Cash paid for operating expenses	(81,696,521.19)
Net cash (paid) received for insurance losses	<u>(6,756,225.13)</u>
Net cash provided by operating activities	44,413,583.67
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(283,624,872.16)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>1,342,137.48</u>
Net cash provided by (used in) investing activities	(282,282,734.68)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	237,868,936.56
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	237,868,936.56
NET INCREASE (DECREASE) IN CASH	(214.45)
CASH, BEGINNING OF YEAR	5,617.46
CASH, ENDING DECEMBER 31, 2004	<u><u>\$5,403.01</u></u>

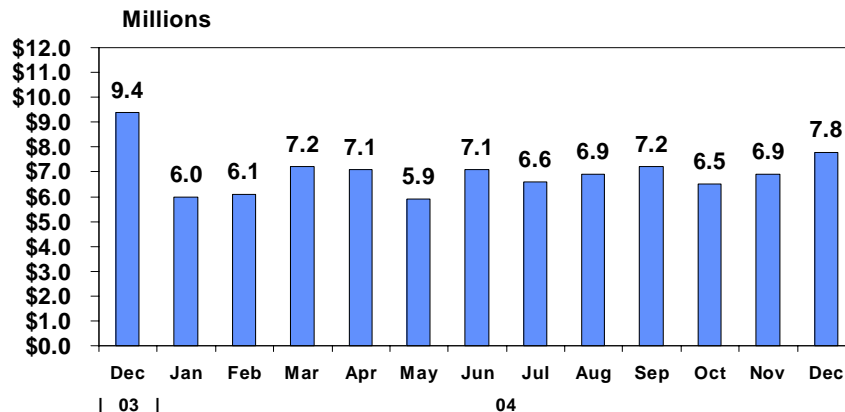
GROSS INCOME

December 03 – December 04



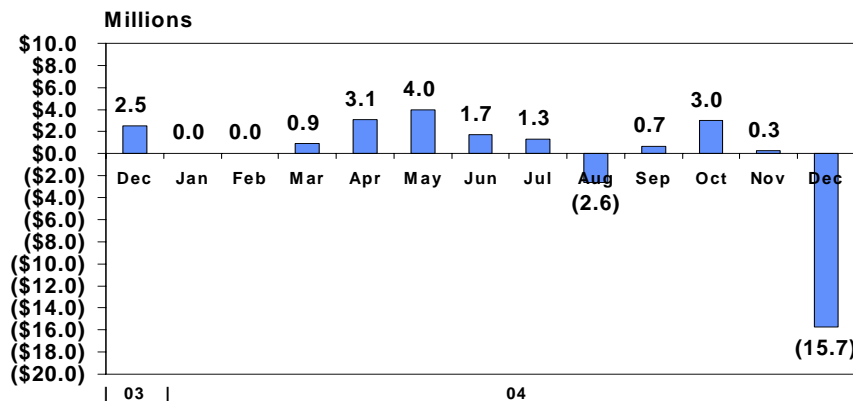
OPERATING EXPENSE

December 03 – December 04



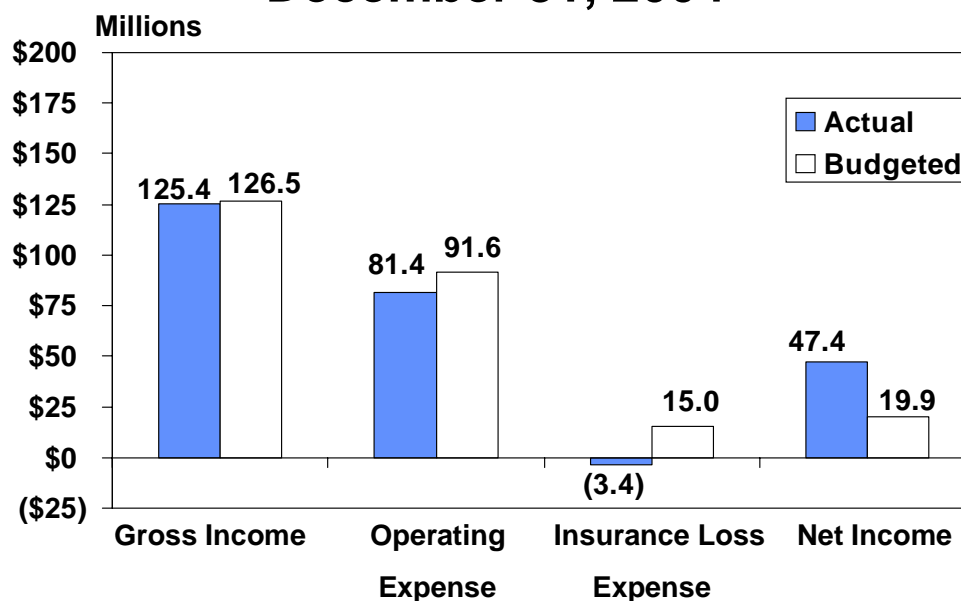
INSURANCE LOSS EXPENSE

December 03 – December 04



REVENUE AND EXPENSE

December 31, 2004



NCUSIF EQUITY RATIO

December 31, 2004

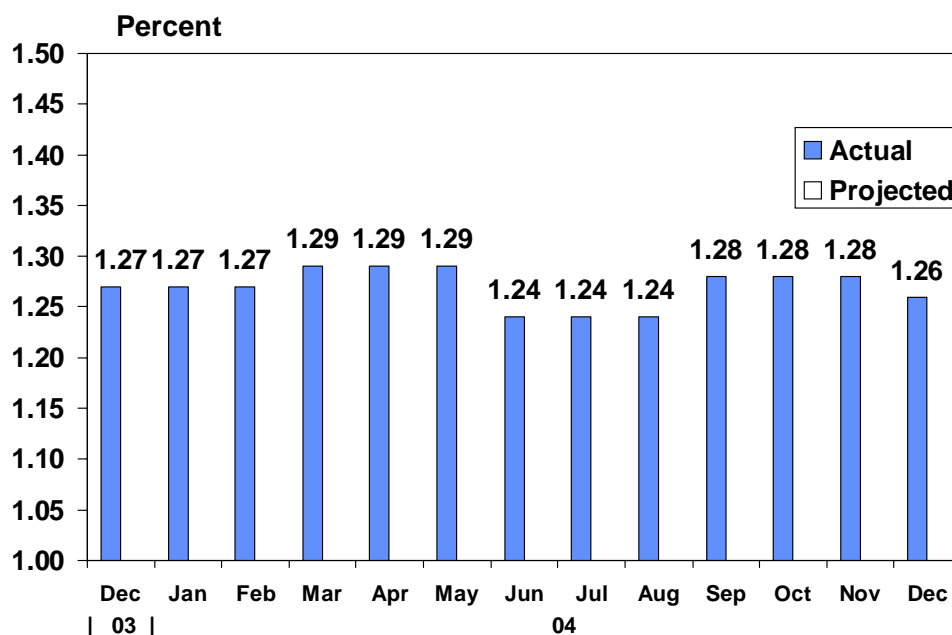
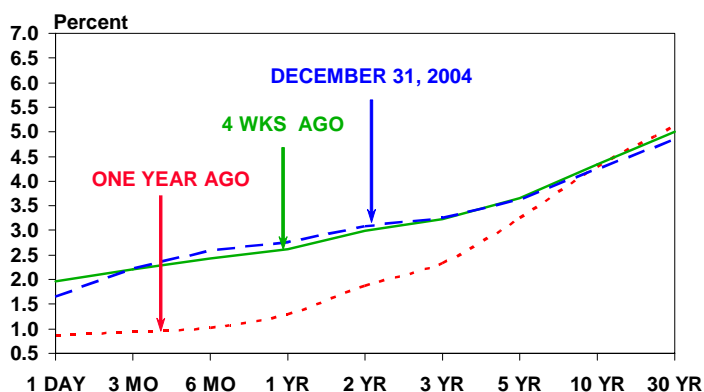


TABLE 4

INVESTMENT PORTFOLIO SUMMARYDECEMBER 31, 2004

I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE				
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value Weighted Average Yield
Daily Treasury Account	\$1,872,169,000	\$1,872,169,000	\$0	100.0% 2.07%
U.S. Treasury Notes	\$4,485,590,646	\$4,447,375,000	(\$38,215,646)	99.1% 2.06%
TOTAL	\$6,357,759,646	\$6,319,544,000	(\$38,215,646)	99.4% 2.06%
II. INVESTMENT PORTFOLIO PERFORMANCE				
	Last Month	Current Month	CY To Date	CY04 Projections
Investment Yield	2.00%	2.01%	2.00%	2.00%
Investment Income	\$10,571,749	\$10,983,176	\$124,835,784	126 Million
Income Budgeted	\$10,500,000	\$10,500,000	\$126,000,000	126 Million
Income/Budgeted Ratio	100.7%	104.6%	99.1%	100.00%
Avg. Maturity in Days	474	467	460	
III. MONTHLY ACTIVITY				
Purchase	Type	Amount	Maturity	Yield
TOTAL		\$0		
IV. MATURITY SCHEDULE (par value in millions)				
3 months or less	2,572.2			
3 months - 1 year	1,300.0			
1 year - 2 years	1,500.0			
2 years - 3 years	800.0			
3 years - 4 years	100.0			
TOTAL	\$6,272.2			

TREASURY YIELD CURVE



MATURITY SCHEDULE

December 31, 2004

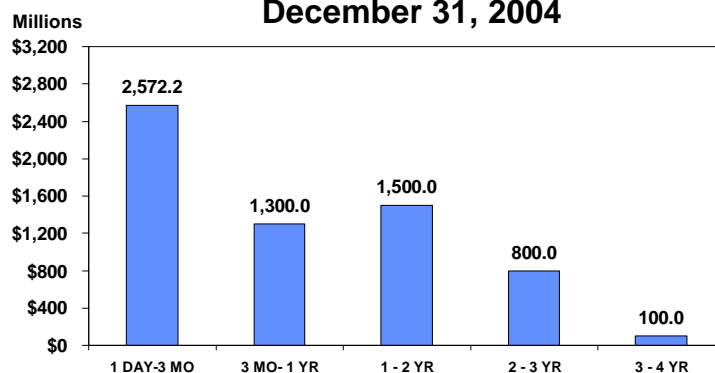


TABLE 5

YIELD COMPARISONSDecember 31, 2004

YIELD COMPARISONS								
	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04
NCUSIF Yield	2.05%	1.98%	1.97%	1.92%	2.00%	2.00%	2.00%	2.01%
90 day T-Bill	1.07%	1.28%	1.40%	1.59%	1.70%	1.89%	2.21%	2.22%
1 year T-Bill	1.77%	2.04%	2.02%	1.96%	2.20%	2.28%	2.61%	2.75%
2 year T-Note	2.55%	2.70%	2.64%	2.37%	2.64%	2.57%	2.99%	3.08%
30 year T-Note	5.37%	5.30%	5.19%	4.91%	4.92%	4.81%	5.00%	4.84%

YIELD COMPARISONS

DECEMBER 31, 2004

